

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-09 IO-10 H-02 L-02 PRS-01

PA-01 USIA-06 CEA-01 SP-02 AID-05 EB-07 NSC-05

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INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /096 W

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R 250155Z MAR 75

FM AMEMBASSY MANILA

TO AMEMBASSY SAIGON

INFO SECSTATE WASHDC 1604

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E.O. 11652: ADS, DECLAS 3/25/76

TAGS: EAID, EFIN, VS

SUBJECT: ADB DEVELOPMENT LENDING PROGRAM FOR VIETNAM

USADB

SAIGON FOR BENNETT

DEPT FOR NAC AGENCIES

SUMMARY: ADB NOW IN PROCESS OFFORMULATING 1975-76  
LENDING PROGRAM FOR VN. SECURITY CONSIDERATIONS  
WILL CONSTRAIN BANK'S PROGRAM BOTH GEOGRAPHICALLY  
AND IN MAGNITUDE. BANK MOST RECEPTIVE TO PROPOSED  
STRONGER EMPHASIS ON AGRICULTURE SECTOR. U.S.  
MISSION SUGGESTIONS FOR DELETIONS/ADDITIONS  
LISTING IN BANK'S PIPELINE SHOLD BE CHANNELED  
THROUGH PLAN ORGANIZATION FOR DISCUSSION DURING  
UPCOMING VISITS OF ADB MISSIONS. END SUMMARY.

1. DURING RECENT VISIT BY USADB STAFF MEMBER  
LEVINTOW TO SAIGON,. U.S. MISSION OFFICIALS  
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BENNETT, YEAGER AND AVERILL EXPRESSED CONCERN

THAT PROPOSED ADB PROJECTS LISTED IN BANK'S PIPELINE DOCUMENT (MONTHLY OPERATIONAL INFORMATION) WERE OF LONG GESTATION. U.S. MISSION URGED ADB RECONSIDER FINANCING ALTERNATIVE PROJECTS HAVING SHORTER IMPLEMENTATION AND MORE RAPID BENEFIT STREAM, ESPECIALLY IN AGRICULTURE SECTOR.

2. UPON RECENT RETURN OF ZIA NOORZOY (BANK'S OPERATIONS MANAGER FOR INDOCHINA) FROM LAOS MISSION, USADB CONVEYED TO HIM U.S. MISSION/SAIGON VIEWS OF UPCOMING ADB LENDING PROGRAM.

3. NOORZOY WELCOMED PRESENTATION OF VIEWS AT THIS TIME SINCE ADB NOW IN PROCESS FORMULATING 1975-76 PROGRAM FOR VN, AND MADE FOLLOWING OBSERVATIONS:

A) GIVEN RAPID DETERIORATION OF SECURITY SITUATION, PARTICULARLY LOSS OF NORTHERN, CENTRAL HIGHLANDS AND OTHER PROVINCES ABOVE SAIGON ADJACENT TO KHMER REPUBLIC, ADB WILL BE SERIOUSLY CONSTRAINED BOTH GEOGRAPHICALLY AND IN TOTAL VOLUME OF RESOURCES IT CONSIDERS PRUDENT TO COMMIT TO VN.

B) BANK ENDORSES SUGGESTION OF U.S. MISSION TO DROP RUBBER REHAB PROJECT, AND WILL OMIT FROM NEXT LISTING. HOWEVER, DESPITE LONG GESTATION, BANK PROCEEDING WITH VOCATIONAL TRAINING CENTER NEAR SAIGON WHICH BANK BELIEVES ADDRESSES URGENT LACK IN SKILLED MANPOWER REQUIRED FOR DEVELOPMENT.

4. GIVEN ANTICIPATED INFLUX OF NEW REFUGEES, NEED FOR THEIR RESETTLEMENT AND GENERAL ATTRACTIVENESS TO BANK OF WIDE-DIFFUSION, QUICK PAY-OFF PROJECTS IN AG SECTOR, BANK WOULD RESPOND MOST FAVORABLY TO GVN INITIATIVES FOR MORE PROJECTS OR A PROGRAM APPROACH THIS CATEGORY.

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5. NOORZOY FOUND PARTICULARLY ATTRACTIVE POSSIBILITY EMPLOYING AG DEVELOPMENT BANK AS VEHICLE FOR MAKING VARIETY OF SUB-LOANS I.E. SMALL SCALE IRRIGATION; IMPROVED RICE PROCESSING AND STORAGE; SALT INTRUSION DIKES, AND LOANS TO FARMER ASSOCIATIONS FOR VARIED PURPOSES INCLUDING RURAL ELECTRIFICATION. WHILE NOORZOY NOT IRREVOCABLY WEDDED TO AG BANK AND WOULD NOT RULE OUT OTHER

APPROACHES TO THIS SECTOR, HE FELT THIS CONVENIENT CHANNEL TO UTILIZE VARIOUS FEASIBILITY STUDIES FINANCES BY USAID; OTHER DONORS, AT SAME TIME PROVIDING OPPORTUNITY OF ENHANCING APPRAISAL AND LOAN IMPLEMENTATION CAPACITY OF AN INSTITUTION NEEDING STRENGTHENING. ADB WOULD WELCOME COMMITMENT BY USAID TO PROVIDE TECHNICAL ASSISTANCE INPUT AS WELL AS CAPITAL (AS IN IDBV CASE) TO AG BANK. IF ADB PROJECT MATERIALIZED, BANK WOULD LIKEWISE INCLUDE TA COMPONENT WITH CAPITAL LOAN.

6. NOORZOY INDICATED NO ADB INTEREST IN PROPOSED EXPORT PROCESSING ZONE, BUT SAID BANK WOULD BE MORE LIKELY TO MAKE FAVORABLE RESPONSE TO GVN REQUEST FOR FINANCING IN SUCH AREAS AS DREDGING, FISHING PORTS, AND POWER GENERATION/TRANSMISSION.

7. NOORZOY STATED THAT KULJIAN CORPORATION OFFICIALS HAD RECENTLY VISITED HIM TO ASCERTAIN POSSIBLE BANK INTEREST IN PROPOSED THERMAL PLANT AT NHA BHE FOR WHICH KULJIAN HAS STUDIED FEASIBILITY. NOORZOY INDICATED BANK HAS NO CURRENT PLANS FOR CONSIDERING PROJECT, BUT WOULD REMAIN OPEN IF PATTERN OF INCREASED DEMAND ON SAIGON LOAD CENTER (RELATED TO ADDITIONAL DELTA TRANSMISSION LINES) COULD BE SHOWN DEVELOPING RAPIDLY.

8. IN CONCLUSION, NOORZOY RECALLED USEFUL EXCHANGE BETWEEN USAID AND ADB MISSION HE LED TO VIETNAM LAST JANUARY. HOWEVER, SINCE BANK'S CHANNEL FOR CONSIDERATION ALL VN PROJECT PROPOSALS IS PLANNING MINISTRY, USAID SUGGESTIONS FOR ADB LENDING MUST COME FROM PLANNING TO ASSURE CONSIDERATION. ADB LIMITED OFFICIAL USE

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PLANNING VARIOUS PROJECT IDENTIFICATION MISSIONS TO VN IN COMING MONTHS.  
SULLIVAN

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
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**Subject:** ADB DEVELOPMENT LENDING PROGRAM FOR VIETNAM USADB  
**TAGS:** EAID, EFIN, VS, ADB-1  
**To:** TRSY SAIGON  
**Type:** TE  
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